

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

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R 251241Z JAN 78

FM AMEMBASSY MASERU

TO SECSTATE WASHDC 8115

INFO AMEMBASSY GABORONE

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN

C O N F I D E N T I A L MASERU 0218

E.O. 11652: GDS

TAGS: ELAB, SOCI, LT

SUBJECT: LABOR/MANAGEMENT PROBLEMS IN MASERU HOTELS

1. SUMMARY. HOTEL VICTORIA, ONE OF MASERU'S LEADING HOTELS, IS SUFFERING FROM RACIAL TENSIONS AMONG STAFF. IT IS UNDERGOING A LOCALIZATION THAT IS HAVING SERIOUS NEGATIVE EFFECTS ON SERVICE PROVIDED. END SUMMARY.

2. THE GOVERNMENT-OWNED HOTEL VICTORIA HAS EXPERIENCED GROWING PROBLEMS BETWEEN MANAGEMENT AND STAFF DURING THE PAST YEAR. THE LESOTHO NATIONAL DEVELOPMENT CORPORATION (LNDC), A GOL CORPORATION FOR BUSINESS DEVELOPMENT AND INVESTMENT, IS THE OWNER. AFTER A FEW YEARS OF LOSSES THE HOTEL WAS BEGINNING TO TURN A PROFIT UNDER A BASICALLY WHITE SOUTH AFRICAN MANAGEMENT/ SUPERVISORY TEAM. ACCORDING TO THE SPECIAL ADVISOR TO THE MANAGING DIRECTOR OF LNDC, VARIOUS MINISTRIES HAVE INTERFERED WITH THE RUNNING OF THE HOTEL. THIS INTERFERENCE HAS TAKEN THE FORM OF UNPAID BILLS (SOMETIMES FOR LARGE RECEPTIONS) AND THE PRESSURING OF MANAGEMENT TO PLACE FAVORITES, FRIENDS AND RELATIVES ON THE STAFF. THE MOST SERIOUS  
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INTERFERENCE WAS THE APPOINTMENT OF A LESOTHO WOMAN AS HEAD OF PERSONNEL WITH POWER TO INTERFERE IN AN UNORTHODOX FASHION IN THE OPERATIONS OF THE HOTEL. CONFRONTATIONS WITH MANAGEMENT ENSUED BASED IN PART ON ALLEGATIONS OF HARSH DISCIPLINE AND RACIAL INSULTS. THIS LED ULTIMATELY TO THE RESIGNATION OF THE WHITE MANAGEMENT ALL OF WHOM GAVE NINETY DAYS NOTICE BEGINNING SOMETIME LAST NOVEMBER.

3. ACCORDING TO LNDC SOURCES, THERE IS NO HOPE FOR THE HOTEL VICTORIA WITH THE PRESENT DEGREE OF OUTSIDE INTERFERENCE FROM MINISTRIES AND STAFF SABOTAGE FROM WITHIN, LED BY THE HEAD OF PERSONNEL. THE LNDC SPECIAL ADVISOR TO THE MANAGING DIRECTOR HAS SUGGESTED THAT A PRIVATE CORPORATION TAKE OVER THE HOTEL SO AS TO ELIMINATE THE FEELING AMONG GOL MINISTERS THAT, BECAUSE THE GOVERNMENT OWNS IT, THEY CAN DO WHATEVER THEY WANT WITH IT. THE LNDC HAS REPORTEDLY ENTERED INTO A MANAGEMENT CONTRACT WITH BLOCK HOTELS (KENYA). THE BLOCK HOTELS GROUP WILL SEND AN ESSENTIALLY BLACK KENYAN TEAM TO TAKE OVER THE VICTORIA.

4. COMMENT: LNDC OBVIOUSLY MADE A SERIOUS MISTAKE IN EMPLOYING (IN 1976) A SOUTH AFRICAN MANAGEMENT TEAM FOR THE HOTEL VICTORIA. GOL'S ANTI-SOUTH AFRICAN STATEMENTS OF PAST YEAR HAVE SET THE TONE FOR LESOTHO ATTITUDES TOWARD WHITE SOUTH AFRICANS. WHETHER THE INTRODUCTION OF A KENYAN GROUP TO MANAGE THE VICTORIA HOTEL WILL SOLVE THE PROBLEMS OF THE GOVERNMENT-RUN HOTEL REMAINS TO BE SEEN.

STOKES

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## Message Attributes

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